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MONTANA CASE.

REPORT OF THE JOINT COMMITTEE OF THE
Senate and House of Representatives.
Respecting Purchase of Suitable
Institution for the Insane. Jan. 30, 1911

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REPORT

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Respecting the Purchase of a Suitable Institution to Care
for the State's Insane.

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Report of the Joint Committee.

Helena, Montana, January 30, 1911.

To the Honorable the Senate and House of Representatives of the State of Montana:

Gentlemen—We, your Committee duly and regularly appointed for the purpose of investigating and reporting concerning the advisability of the State of Montana making purchase from Mitchell & Mussigbrod of the buildings, grounds, lands, and personal property located at Warm Springs, Deer Lodge County, Montana, said property having been heretofore and now used in connection with a hospital for the care and custody of the State's insane, all in pursuance of Senate Joint Resolution No. 2, respectfully report as follows:

The entire committee visited the Insane Asylum at Warm Springs, Montana, on Sunday, January 15th, with Doctor J. M. Scanland, the Superintendent of said institution, Doctor Peter Mussigbrod, and the staff officers of the institution. The Committee was treated with great cordiality and shown over the entire institution and grounds in connection therewith. Records, and the like, were all submitted for examination by your Committee, and no attempt whatsoever made to mislead or conceal the amount said firm has invested in permanent improvements and the like for the maintenance and conduct of a proper institution and hospital for the care and treatment, under contract with the State of Montana, of persons afflicted with mental diseases.

The hospital, operating rooms, and wards in connection therewith are in every way modern, and spotlessly clean. The sleeping apartments, beds and bedding used for all patients from the bedridden up to the most strong was far better than we had expected to find provided for

such persons. The institution has been practically reconstructed during the past five years, and now they have modern and up to date dormitories, hospitals and administration buildings affording facilities to care for such patients as well, if not better, than many an older State in the Union. In fact, it was a source of surprise to the entire committee to note the splendid provisions made for these unfortunate people by the contractors, and in all of the buildings there seemed to be good ventilation and light, and the cleanliness of all buildings and departments was commented upon by the members of the Committee.

We desire to particularly compliment Doctor J. M. Scanland, Superintendent of the Asylum, upon his able and efficient management of said institution, evidences of which were plainly apparent in every branch of the conduct of the asylum. We believe that when the State provides for its insane exclusively as a state institution, that it will be extremely fortunate if it is able to obtain the services of a man as Superintendent of such institution with equal capabilities as those possessed by Doctor Scanland.

After having made a thorough examination of the methods of conducting said institution, and the buildings and other facilities furnished for the care of patients, and after having visited the wards and made observation of the patients themselves, both male and female; the dairy barns, slaughter house, root houses, store, hotel and ranch buildings used in connection with and a part of such institution, the Committee directed the contractors to submit to it, at Helena, their books of account showing the amount of their investment for both land, improvements and necessary livestock and personal property for the proper conduct and management of the institution. Thereafter the committee met at Helena, and the plans, specifications and details of each of the buildings used in conjunction with the conduct of this institution were submitted to your committee

for examination, and in this connection there was also submitted the statements of account of said contractors showing the actual cost of construction of each of said buildings, together with furnishings and proper equipment, and a full and complete abstract of title of the lands and water-rights was also submitted for examination and inspection, and, likewise, a plat showing the location of the lands and amount thereof and the location of all buildings thereon.

The price at which the contractors offered to sell their lands to the State, together with all improvements and equipment, and necessary personal property aggregated, in accordance with their inventory submitted, the sum of Eight Hundred Eighty-two Thousand Nine Hundred Ninety-two and 72-100ths Dollars (\$882,992.72). Your committee thereupon met from day to day and gave careful and earnest study and consideration of the statements of account of said contractors and of the inventories presented concerning the reasonable value of the property, and thereafter, on the 25th day of January, in the interests of obtaining advice and information from citizens in position to know the value of such buildings and of the land, your committee called before it Honorable John Bielenberg and Honorable Charles Williams, residents and large land owners in the Deer Lodge valley, to give aid and counsel with respect to the reasonable valuation of the lands, improvements and livestock offered for sale to the State by said contractors. These gentlemen are old time residents of the Deer Lodge valley and have been engaged in the ranching and livestock business for years on a large scale, have known the lands belonging to the institution for more than twenty-five years, and are so well known in the state that little more need be said than to mention the names of these men to give assurance of their integrity, fair-minded and public-spirited character. They were each separately called before the committee and each gave careful inspection of the plats showing the location of water-rights

and irrigation facilities of the lands, and were each furnished with a complete detailed statement of all the livestock farm equipment and machinery, and both expressed to the committee that in their judgment, based upon their experience and knowledge of the lands in question and the inventory of the livestock and machinery, that the figures presented to the committee by the contractors respecting values were fair, just and reasonable.

Thereupon, for the purpose of obtaining assistance and information concerning the cost of the construction of the buildings, your committee called before it William V. Murray, who occupies the position of State Superintendent of Construction in charge of the construction of the additions to the capitol buildings and who has had considerable experience in the construction of public buildings, and who has personally visited the plant and buildings now owned by the contractors at Warm Springs. After examining the plans, specifications and details, and the statements of account showing the cost of construction of each of the buildings, and based upon his personal inspection of said buildings at the institution, he stated to your committee that in his judgment the price placed by the contractors upon the buildings should be reduced to the extent of Twenty-seven Thousand (\$27,000.00) Dollars, and that, when such reduction was made from the inventoried price, the valuation of all buildings would be fair and reasonable.

The superintendent of the asylum was called before your committee on several occasions for the purpose of having him make explanation concerning the inventories and methods by which the price at which the property was offered for sale to the state was arrived at, and also for the purpose of enabling your committee to drive a good businesslike bargain for the State of Montana in the purchase of the plant at the lowest possible figure and on the best possible terms. After having been fully advised in the premises, as hereinabove set forth, Doctor

Scanland was again called before your committee on January 27th, and a review of the whole subject matter was had in an effort to come to an agreement respecting the lowest price and best terms upon which said property might be purchased. As a result of said conference it was finally agreed between your committee and Doctor J. M. Scanland, representing the contractors, Mitchell & Mussigbrod, that the contractors would sell the property to the state upon the terms hereinafter indicated, for the full sum of Six Hundred Fifty Thousand (\$650,000.00) Dollars, and your committee were unanimously of opinion that this price is exceedingly low and reasonable, and the terms of purchase fair and just, and, from a business standpoint, recommend that there should be no delay in immediately accepting the terms and conditions of the offer.

Examination was made concerning the present cost to the contractors for the maintenance of patients per capita per month, and after giving this subject consideration and study, your committee are of opinion that the lands in connection with this institution are exceedingly desirable to be owned by the state because of its location with reference to the state prison, which is now conducted as a state institution, and in connection with which the state is not possessed of a farm or lands suitable for farming purposes. It appears that it will be of great benefit and advantage to the state, and bring about a saving in the cost of maintenance of insane persons and prisoners for the state to own this institution, together with the lands, livestock and equipment in connection therewith.

Legislation has been advocated to make provision for the care of indigent ineptates and drug fiends by the state, and also for the establishment of a tuberculosis hospital. By the purchase of this property ample provision can easily be made in the future for the proper care and treatment of this class of unfortunate persons without any additional cost save and except the cost of

construction of additional necessary buildings. By this statement is meant that the institutions for tuberculous patients, inebriates, and drug fiends, can all be conducted under the one management and in consequence with a less number of attendants and employees.

Your committee saw on the ground at the institution a great quantity of brick, cement building blocks and building material and were advised by Doctor Scanland that there is now a sufficient amount of material on hand to provide any additional buildings or improvements which may be needed at said institution during the next three to five years, which said material will be turned over to the state with other personal property in accordance with the understanding had with reference to the sale.

The statements submitted to your committee concerning the cost of running this institution by the contractors convince your committee that the purchase of this property will be of great and lasting advantage to the state in that thereby the cost of the operation of this institution and of the state prison at Deer Lodge will be very appreciably reduced. The state will have no taxes to pay upon this property, and by virtue of utilizing the prisoners in farm work, necessary supplies such as vegetables, meats, dairy products and the like will be provided for both institutions at a minimum cost. Further in this connection, the state board of prison commissioners have already undertaken the construction of a power plant for the development of electric power on Race Track creek, which plant is located only thirteen miles distant from this institution, and from which power and electricity can be provided at a minimum expense, thus tending further to reduce the cost of maintenance of this institution and of the state prison when under absolute state ownership and control. When this power plant is completed and the system inaugurated, as above suggested, of conducting the farm at this institution by the working of prisoners, it will reduce the monthly payroll which now exists under the contract system, and the state,

not being required to pay taxes, and being in the market for large quantities of supplies such as groceries, clothing, bedding, furnishings, boots and shoes, coal and the like, your committee is of the opinion that the cost of maintenance of this institution can be reduced to the extent of, approximately, Fifty Thousand (\$50,000.00) per annum.

The property offered to the state by the contractors, and their inventory price—which has been considered reasonable by persons called before your committee, as above indicated—is as follows:

Buildings and furnishings	\$499,999.67
Livestock	33,855.00
Farm implements	5,092.00
Groceries	2,940.55
Storeroom stock	3,695.75
Dry goods	2,409.75
Land, comprising 4,880 acres of patented land, and 5,200 inches of good water rights for irrigation thereof, and also 800 acres of leased state lands under fence contiguous to said patented land	235,000.00
Warm Springs	100,000.00
Total	\$882,992.72

In coming to the agreement with the contractors with reference to the purchase price which should be paid by the state, your committee reports that it was able to get the contractors to accede to a reduction of Twenty-seven Thousand (\$27,000.00) Dollars, on the buildings, in accordance with the recommendations of Mr. William V. Murray, and that further, in bringing about an agreement as to the proper and reasonable valuation of the property, they were able to get the contractors to deduct the sum of \$50,000.00 valuation by them placed upon the hot water springs on the premises, although your committee considered same of great value and benefit in connection with such an institution, as it now exists or may hereafter be established.

And, further, in coming to an understanding as to what should be paid by the state, by persistence, your committee persuaded the contractors to reduce their price on the entire property to the extent of One Hundred Fifty-five Thousand, Nine Hundred Ninety-two and 72-100ths Dollars (\$155,992.72) additional, thus making the purchase price for this splendid plant and property, in accordance with agreement, the sum of Six Hundred Fifty Thousand (\$650,000.00) Dollars.

Independent of the low price at which this property can be secured by the state, there is a moral obligation which should be taken into consideration with reference to the co-partnership of Mitchell & Mussigbrod.

In 1877, Governor Potts, the Territorial Governor of Montana, requested Dr. A. H. Mitchell then a practicing physician in the City of Deer Lodge, Montana, to make a bid for the care and maintenance of the territory's insane persons, then numbering thirteen, which were being cared for at hospitals not suitable for their proper care and treatment. Dr. Mitchell was induced to make bid for this contract and obtained the same, and in consequence made purchase of the present asylum property at Warm Springs. Doctor Mitchell and Doctor Charles F. Mussigbrod then formed a co-partnership and constructed at Warm Springs buildings sufficient to accomodate this small number of patients, and opened, in connection therewith, a hotel and bathing resort. This resort became quite famous because of its management and hospitality, and at the time was the only hot springs established or resort in the territory. In the meantime the asylum continued to increase in size because of the additional number of insane persons, and in 1900 the hotel and resort was closed to the public owing to the increasing number of insane patients.

The institution has been conducted under the contract system continuously since 1877, and in making proper provision for the care of the state's insane the contractors have made expenditure of large sums of money in the

construction of buildings and the purchase of equipment, and were the state now to refuse to entertain a fair and reasonable offer to purchase this property and go elsewhere to establish an entirely new institution, it would seem hardly fair or just. This institution is already thoroughly equipped, and there will be no delay or additional expense in building or in remodelling in order to at once conduct it as a hospital for the care of the state's insane.

Your committee has given considerable study and attention to a plan of making purchase of this property without too much of a drain upon the general treasury, and in consequence we now unanimously and respectfully recommend that of the total purchase price agreed upon, there be at once appropriated from the general treasury the sum of One Hundred Fifty Thousand (\$150,000.00) Dollars, Seventy Five Thousand (\$75,000.00) Dollars of which shall be appropriated and paid from the revenues of 1911, and Seventy Five Thousand (\$75,000.00) Dollars appropriated and paid from the revenues of 1912. Further, that the Board of Commissioners for the Insane take over said Institution for the State on the first day of May, 1911. Before payment of any amount, however, the Attorney General of the State shall be satisfied respecting the titles to all of the property and the contractors shall execute proper deeds and bills of sale covering all the property listed by Mitchell & Mussigbrod to your committee and fully set out and described in the statements and inventories hereinbefore referred to, which said lists and inventories will be by your committee turned over to the State Board of Examiners, and same shall be placed in escrow with some National Bank to be agreed upon, to be delivered to the State upon full payment of the balance of the purchase price.

For the purpose of making payment of the balance of the purchase price, your committee recommends the passage of a bill authorizing the State Board of Examiners to issue bonds for an amount not exceeding Five Hundred

Thousand (\$500,000.00) Dollars, said bonds to bear interest at the rate of four per cent (4%) per annum, payable in twenty years, redeemable in ten, or at any interest paying period.

In the event of a land grant being made to the State by Congress in accordance with the measure recently introduced by Senator Carter, provision could be made to have the proceeds received from the sale and income of said lands applied for the redemption of said bonds, but, as Congress has not as yet taken action upon this subject, and the only present available source for payment of said bond issue would be from the general treasury, therefore such proposed law would have to be submitted to the electors at the next general election in November, 1912, and in the event that the electors act favorable upon said question, independent of any land grant, the whole transaction could be fully consummated in November 1912, and were the State, in the meantime, or later, to be made the beneficiary of the land grant by Congress, this entire bond issue could be readily and without delay redeemed at an interest paying period with little, if any, drain upon the general treasury.

Respectfully submitted,

E. DONLAN,

Chairman.

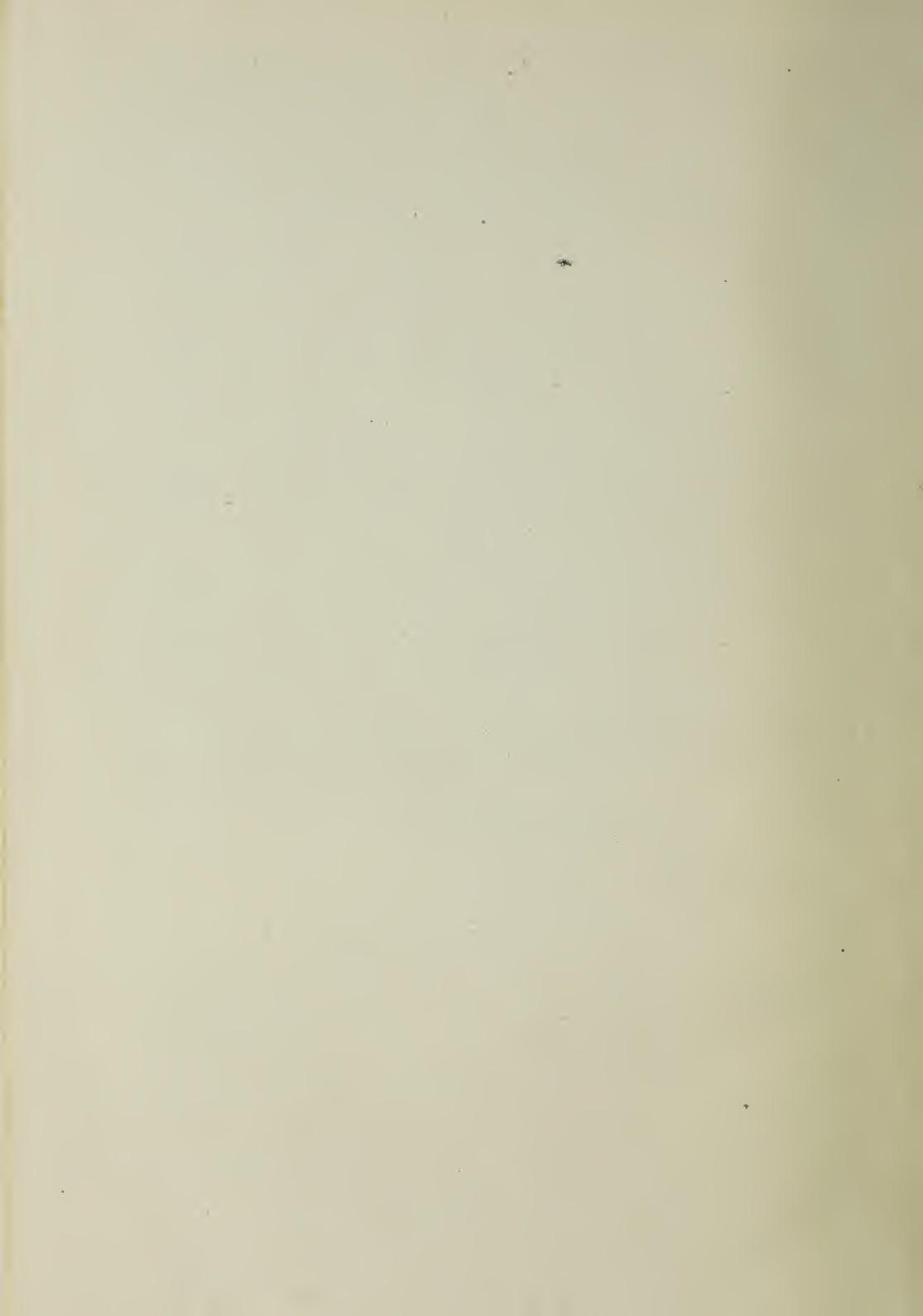
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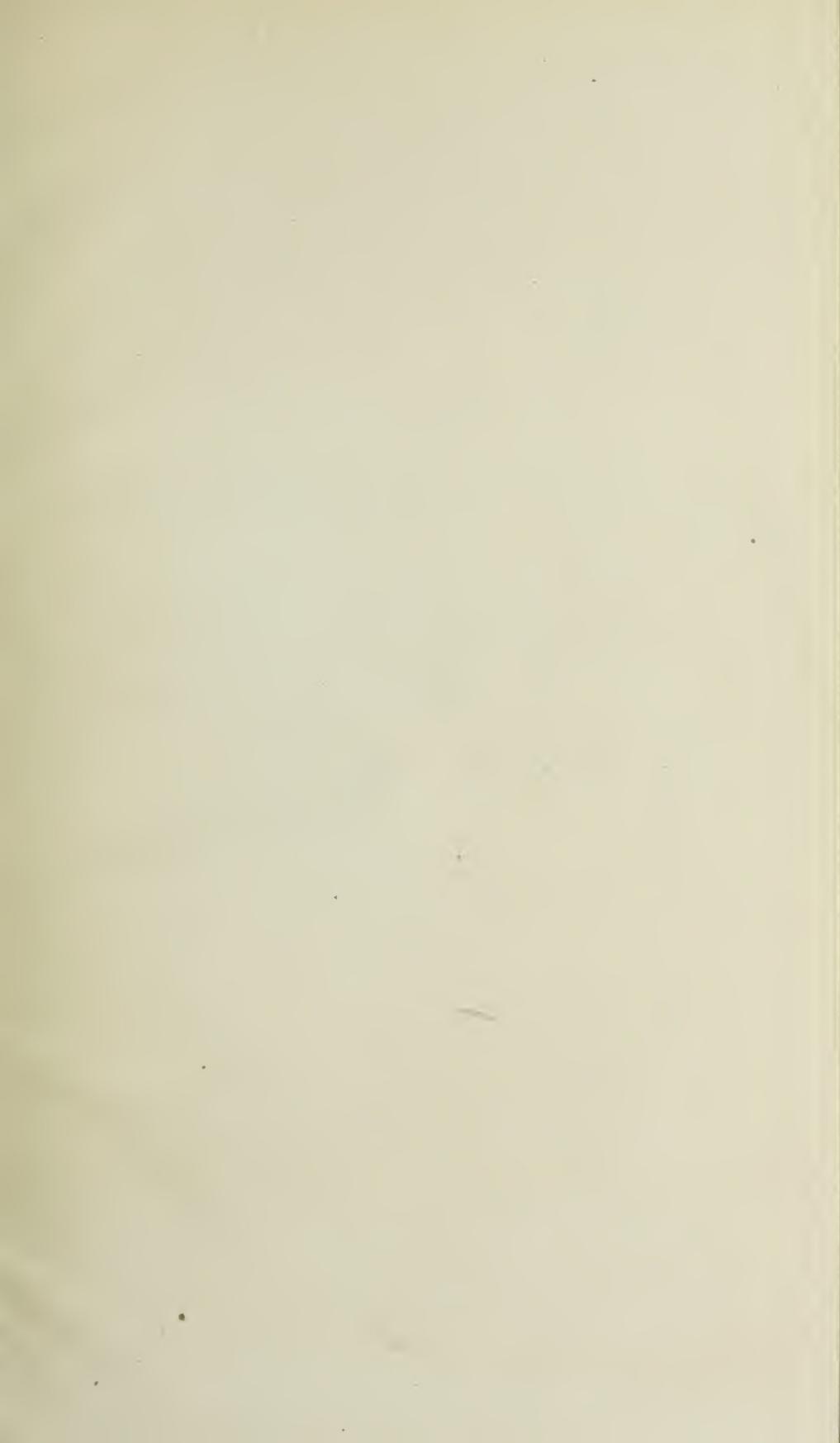
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